

IMPACT OF WELFARE REFORM

20b

FACTSHEET



'Welfare Reform' began in 2010 with changes to the tax credit systems and the uprating of benefits to 1% from CPI. The Welfare Reform (2012) Bill went in front of NI Assembly for consideration before it could be passed. Details of the proposed changes in this Bill can be found on the factsheet welfare reform.

As NI Assembly faced the difficult task in considering the Bill, many have come forward to describe devastating impacts for NI. However NI does not have the IT system to implement a different system and Westminster has stated that there must not be a break from parity. A break from parity results in the removal of funds from our block grant. MLA's have undoubtedly been faced with a difficult task. It is for this reason research and discussion on the impacts and possible mitigations must take place. Discussions with and between communities, researchers and politicians.

Social security landscape in Northern Ireland

- Higher proportion of households with children than any other region of the UK (34%); the UK average is 28%
- As well as having more families with children, NI has more children within families, an average of 2.4 children per family compared to an average 1.8 in GB.
- Around 23% of working age people claim a key benefit, compared to 13% in GB; (Wales 19%)
- NI has twice the proportion of DLA awards than the average for GB and a considerably higher proportion than the next highest regions of Wales and Scotland
- NI's lower wages or higher rate of benefits receipt and higher proportion of tenants (social and private rented) receiving HB
- In England, 24% of private renters are on housing benefit. In Northern Ireland, it's more than double that at 57%.
- Housing Benefit in respect of rent in NI was £312m in 2003/04, by 2010/11 it had risen to £573m – mostly as a result of the increase in Private Rented Sector housing.
- 2009 House Condition Survey – 124,500 private rented properties or 17% of total housing stock. Over a third (37%) of lone parent households live in private rented sector.
- Average amount paid by private rented tenants in Northern Ireland to supplement LHA was £20 a week. (McAnulty and Gray, 2009).

(Information taken from presentation made by Goretta Horgan at CDHN AGM)



The financial impact to Northern Ireland...

- Research commissioned by NICVA and conducted by Sheffield Hallam University has found that Northern Ireland will be the worst hit region in the UK.
- £750million is likely to come out of the economy each year, this equates to £650 per working age adult per annum.
- Belfast is the hardest hit city within the UK.
- Already disadvantaged areas will be the most adversely affected by reforms.
- "By lowering incomes more than anywhere else, a key effect of the welfare reforms will be to widen the gap in prosperity between Northern Ireland and the rest of the UK." (Beatty and Fothergill, 2013)

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Social impacts of the changes...

- Shared occupancy rule and only one parent being able to claim HB for children will mean that non-resident parents will be faced with difficulties caring for their children, especially overnight.
- Under occupancy rule is likely to negatively impact on families and communities where people are forced to move. People may have to move away from their support system, children's education may be disturbed if they have to move school.
- NI is living in a post conflict situation, which means moving people from one area to another in order to reach "proper" occupancy is much more challenging than in the rest of UK.
- NIHE stated in evidence to Social Development Committee that it does not have the stock to meet the changing requirements brought with Welfare Reform. This structural deficit should not be passed onto individuals, it has the potential of increasing poverty levels and bad debt in the form of loan sharks and pay day loans. Housing insecurity and potential for high debts can have a huge impact on mental and physical health.

"Poverty, financial problems and social deprivation are major socioeconomic risk factors for mental health problems and disorders.....mental health problems contribute significantly to inequality in health in the European Region." (WHO, 2011)

- More adversely affecting women, especially mothers and this will result in long term implications for children.

"Women are particularly reliant on benefits and tax credits as social protectionThe focus of the proposals on encouraging paid employment alone adds to the risks for women in poverty." (Oxfam)

Impacts from how the reforms are implemented.

In England much of the work has been outsourced, and it is likely similar will happen in Northern Ireland. This can create problems, firstly it promotes 'welfare markets' and secondly it can blur accountability. Welfare markets will occur as (usually large) organisations compete for contracts to carry out social security provisions. Employees of these organisations will be encouraged (possibly financially) to reach targets and therefore be seen to be fulfilling the governments aims. The warnings from England is that the completion created by welfare markets can translate into harsher and less humane treatment of claimants.

In terms of accountability, the further removed the organisation and worker is from Government the harder it becomes to hold them to account for poor treatment of claimants, financial wastage etc becomes.

In Northern Ireland we need further discussion on how any reforms will be implemented.

Why the changes will impact negatively on Health Inequalities...

Income, housing and employment are determinants of health. It is thought that the changes will further skew risks and the negative impacts of these determinants of health towards the vulnerable and disadvantaged.

Learning from the rest of the UK

Welfare reform has been introduced in the rest of the UK, and it is already possible to see the negative impact. Many charities, academics and governmental reviews have linked welfare reform; specifically bedroom tax, sanctions and delays in payments with increased homelessness and food poverty. Links to the reports:

http://www.trusselltrust.org/resources/documents/foodbank/6323_Below_the_Breadline_web.pdf
<http://www.scottish.parliament.uk/parliamentarybusiness/CurrentCommittees/77641.aspx>
<http://www.scottish.parliament.uk/parliamentarybusiness/CurrentCommittees/78114.aspx>
<http://www.publications.parliament.uk/pa/cm201415/cmselect/cmworpen/814/81402.htm>
<https://foodpovertyinquiry.files.wordpress.com/2014/12/food-poverty-feeding-britain-final.pdf>

'Government policies, institutions and the extent of social protection provided by the state will play a substantial part in exacerbating or mitigating the negative health and inequality impacts of economic decline, particularly for the most vulnerable and deprived as they are more likely to be affected and rely on social security and public services'

UCL Institute of Health Equity.